Russia and the Caribbean

Background
Over the last five years Russian interest in the Caribbean has been growing steadily; so that today Moscow’s diplomatic profile and its economic presence in a number of Caribbean nations is now stronger than at any time since the end of the Cold War.

It has also made clear that it again intends having a long term military presence in the Caribbean Basin. This is attracting US attention as Washington comes to see Russia’s presence in the Latin American and Caribbean region as an attempt by President Putin to erode US leadership and challenge Western influence in the Western hemisphere.

Although Russia’s interest in the Caribbean is on a much smaller scale to that of China, its presence, its alternative approach on foreign-policy issues, its state-led economic interest, and its re-engagement with a changing Cuba, represents a significant alternative in the broadening spectrum of Caribbean relationships.

While there is no sense as yet that the Caribbean, given its strategic location, may again become a feature in some future new version of the Cold War, it is clear from recent evidence given to the US Senate by the General in charge of US Southern Command, General John Kelly, that its presence in the Caribbean Basin has come to be seen as nuisance rather than a threat at a time of budgetary cuts.

Russia and tourism
At its most obvious, the new Russian engagement with the Caribbean has until recently been in the form of rapidly increasing tourist arrivals, enabling the sector to diversify its source markets and grow an industry that has been suffering from increased global competition, slow economic recovery and an early start.

However, with the introduction of US sanctions following Russia’s annexation of the Crimea and the associated difficulties of money transfer, the dramatic fall in the value of the rouble, and general economic uncertainty, the Caribbean region has seen at best Russian arrivals stagnate in 2014 and in some cases a significant decline.

Until five years ago, Cuba was the only significant Caribbean destination for Russian visitors recording 76,500 arrivals in 2012, 83,777 in 2013 with numbers falling in 2014 to 70,401.
In contrast over a similar period Russian arrivals into the Dominican Republic tourism have been steadily increasing. Some 158,415 Russian visitors visited the country in 2012, a figure 35 per cent higher than in the previous year. Even with Russia’s subsequent economic problems official figures for 2014 put arrivals from Russia, at 165,690 visitors, a growth rate of 0.68% on 2013.

Russian numbers to the Dominican Republic increased rapidly after Transareo and other charter operators established frequent direct air services into Punta Cana from Moscow, St Petersburg and Ekaterinburg with the consequent result that before US sanctions were introduced, Russia had been forecast to become the country’s third largest market after the United States and Canada in 2014.

Although Dominican industry officials now privately express concern about the strength of the Russian market, they are still hopeful of seeing significant growth in 2015 through an aggressive marketing campaign, repeat business and a rapid growth in facilities providing services in Russia.

In the case of Jamaica, the decline in the Russian economy has halted the rise of the island’s fastest-growing new tourism market. Following the decline in the value of the Russian rouble and difficulties with payments, Transaero ended its year-round service to the island, thereby dramatically reducing arrivals. As a consequence in 2014 Russian year-on-year arrivals dipped by 67 per cent to some 3,300 visitors over the 11 months ending November 2014. In comparison in 2013 Russian arrivals had grown by 622 per cent to over 12,200, making Russia then Jamaica’s fastest growth market.

In anticipation of further growth Jamaica’s industry had started offering Russian tours that focussed on art, coffee and adventure. Stores had posted Russian signage and hotels employed translators. Additionally, the Ministry of Tourism and Entertainment and its agency, the Tourism Product Development Company (TPDCo), launched a Russian and Spanish Language Skills Training Programme for tourism workers.

For most of the rest of the Caribbean, however, Russian tourism numbers remain small as there is little in the way of direct airlift with most visitors coming via London or New York requiring visas. However, Barbados, the Bahamas and some Eastern Caribbean nations have begun to consider the possibilities for high end individual travel and for charters, although in some cases runway extensions would probably be required to facilitate the high take-off weight of long east-bound charter flights.

**Better Cuba-Russia relations**

The second significant change in the Russian presence in the region has been the dramatic improvement in Russia’s relationship with Cuba.

During a July 16, 2014 visit, President Putin Cuba signed 10 bilateral economic and commercial agreements; details emerged about Russia’s decision to forgive more than US$35bn in Cuban debt to the former Soviet Union; and Russia announced its interest in new investments in energy and offshore oil exploration.

The Russian President also emphasised during his visit that Russia will continue to support Cuba in its struggle against what he described as the illegal and illegitimate blockade imposed by the United States.

Speaking in Havana during the visit, President Putin said that Cuba and Russia were planning large integrated projects that will expand cooperation between the two nations in areas including energy and health. He noted the decision made by the Russian government to cancel 90 per cent of the
debt Cuba has owed Russia since the Soviet era, and said that the remaining 10 per cent will be invested in Cuba up to 2020.

During the visit, the Russian President was joined in Havana by the head of Russia’s state oil company Rosneft, Igor Sechin, who was there to finalise a deal to explore for oil off Cuba’s northern coast. Mr Sechin, who is close to President Putin, is one of the Russian executives that the US has targeted for economic sanctions in relation to the Ukraine crisis.

Cuba is also talking to other Russian oil companies including Zarubezhneft which began drilling in 2013 in Cuba’s Boca de Jaruco area but suspended operations in favour of helping Cuba extract oil from existing onshore wells.

Cuba presently produces about 55,000 barrels per day through onshore wells and imports about 110,000 bpd on special terms from Venezuela so it would benefit substantially if oil were to be discovered offshore.

During President Putin’s visit, the Russian energy company Inter RAO Export and Cuba’s Unión Eléctrica signed a contract for the construction of four 200MW units for the Máximo Gómez power plant. Other documents signed included an intergovernmental agreement on cooperation in the area of international information security.

President Putin expressed regret that Russia had left Cuba in the 1990s. Speaking to the media, he noted that Russia’s place was taken by Canadian companies active in the mining industry and Spanish companies working in the field of tourism.

For his part, President Castro commented more generally that Cuba was pleased with Russia’s pursuit in the international arena, of the “firm, intelligent policy currently being implemented, as we see it” and that Cuba expected this level of agreement to continue, in what he described as a new stage in international relations.

**Russian military presence in the Caribbean**

Following President Putin’s visit to Cuba and nations in Latin America it became clear that Russia intends significantly deepening its military contact with Cuba and its military presence in the Caribbean Basin.

In comments in February 2015 to the Russian media following a visit to Cuba, Nicaragua and Venezuela by General Sergey Shoigu, the Russian Minister of Defence, Anatoliy Antonov, Russia’s Deputy Defence Minister, said that Russia is working with a number of Latin American countries on establishing logistical support outposts (in Russian, пунктов) on their territory to support the interests of the Russian military.

Speaking in Moscow, Mr Antonov told Interfax-AVN on 15 February: “We are working with some states on the possibility of establishing logistics outposts. I would like to emphasize that we are not talking about establishing bases.” The Deputy Minister said that the establishment of logistics outposts would be to provide technical support to Russian Naval vessels when necessary and provisioning and other facilities including maintenance.

His statements and others made during and after General Shoigu’s visit seem however to be purposely ambiguous. Although not formally confirming that the Russian navy intends again having a permanent naval presence in the Caribbean Basin and Atlantic, Mr Antonov said: “We are talking
about providing our ships with support during their long-distance cruises, supplying crews with water, provisions and resting them. And, of course, ships’ maintenance, if necessary.”

Mr Antonov also noted that another element being considered is the possibility of simplified port calls by Russian warships and that an agreement on this had been signed by the Russian Defence Minister during the Nicaraguan part of his visit. This would appear to mean that Russian naval vessels will be able to call in Nicaraguan ports, and possibly Cuban and Venezuelan ports, at short notice without the formality of the normal protocols when a warship of a foreign power visits a country.

Although commenting in detail on the supply of military hardware to Venezuela and Nicaragua and training and military facilities, there was no mention of this in relation to Cuba, possibly because Cuba and Russia do not wish to disrupt the process of detente underway with the US.

A similar request for an ‘outpost’ may also have been made for the Russian air force whose long range strategic bombers in 2014, using mid-air refuelling, have been flying transatlantic sorties from Russia to Cuba, Nicaragua and Venezuela.

What is now being agreed would appear to explain why when President Putin visited Cuba in 2014 there was first a suggestion that Russia was seeking bases and an electronic listening post in the country, but this was subsequently denied. Instead what appears more likely is, as has been seen in 2014 and this year, that Russian intelligence gathering vessels operating off the US east coast and in the Gulf of Mexico will use the proposed new logistical outposts for resupply, shore leave and repairs.

“We are grateful to the Cuban side for the welcome it gives to Russian military ships and vessels on their entry to the Havana port and are interested in broadening cooperation in the naval field,” General Shoigu said.

During his visit to Cuba, General Shoigu and the Russian delegation were met by a team led by President Castro. According to Mr Antonov the meeting like those in the other two nations were “fundamental, serious, and concrete, on all aspects of our collaboration”. The visit, the first by General Shoigu to Cuba, included calls on military units including a tank division.

The Russian Defence Minister said after his meeting with President Castro that bilateral relations between Russia and Cuba were “developing dynamically” and that the two countries had very similar approaches to the issues of global and regional security. “Our countries are connected by mutual interest in establishing a just and polycentric world order based on equal rights and the respect of international law,” General Shoigu said. He added that Russia and Cuba were also developing cooperation in the military and technical spheres.

**Russia and the rest of the region**

At the same time, there has been a growth in interest in improved relations with the Anglophone Caribbean.

Russia has cancelled the remaining debt owed by Guyana, is offering police training and scholarships, and through UC Rusal’s majority shareholding in the Bauxite Company of Guyana it is substantially increase its investment in bauxite production and local involvement more generally.

Russian companies are also increasing their bauxite-related investment in Jamaica. In late December it was announced that RUSAL will be spending approximately US$400m on a US$110m
port/storage/transportation and infrastructure project and US$2m on an associated power plant. Under an agreement with the Jamaican Government it will export 2m tons of bauxite ore over 18 months and re-commission the Alpart refinery creating 1,000-1,200 jobs.

In the Eastern Caribbean, there has been a rapid growth in Russian interest in investment in tourism to take advantage of citizenship schemes being introduced there. In St Kitts for instance, where government has removed visa requirements for Russians, a recently announced US$50m investment has been partly backed by a Canadian agency that promotes to wealthy Russians and others, locations where investment for citizenship is possible.

Separately there have been unproved media allegations in Grenada about political funding and concessions for offshore exploration, and there are strong suggestions that the overseas territories of Europe in the Caribbean have been used to facilitate the global operations of Russian criminal networks.

According to Russia’s Ambassador to Guyana, Nikolay Smirnov, Moscow is also willing to help the Caribbean understand what lies offshore in the region by providing state support with specific projects involving the study of the Caribbean Sea which, as he puts it, “can be used for oil and gas research, seismic study, fisheries and especially climate change”.

He has also made clear that Russia has much sympathy with the Caribbean’s position on smallness and vulnerability and will use its influence internationally to support the region.

More generally, Russia also appears to see the region as one in which it can demonstrate its desire to counterbalance what it regards as US exceptionalism; where the restoration of its special relationship with a changing Cuba will be strategically significant; and one which possesses a significant number of votes at the UN and in other international fora.

The new Russian presence
In recent years, Russian presence in the region has been growing steadily. However this has not been without controversy. In the US, there has been negative reaction mainly from those who interpret developments with reference to Cuba and the past.

That said it is now widely accepted that establishment of logistical support facilities for the Russian Navy and Air force in Cuba, Nicaragua and Venezuela reflect Russia’s desire to project itself as a global power and that this will mean over time that the US in particular will have to weigh the strategic implications.

What this suggests is the need for the region and for those beyond to form a judgement to determine how best to relate to Russia in the Caribbean; whether its presence and approach represents a threat and if so to who; or whether it is a further demonstration of the alternative view common in the region, that newer actors may be gradually rebalancing the historic dominance of Europe and North America.

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